

# Fiscal Note Instructions FAQs

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Office of Financial  
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# Fiscal Note System Frequently Asked Questions

## **Introduction**

The Fiscal Note System Frequently Asked Questions (FAQ) provides you the most commonly asked questions regarding usage of the Fiscal Notes System (FNS) and the associated business processes.

If you need technical assistance using the FNS, contact the [WaTech Support Center](#) at 855-WaTech1 or 360-586-1000.

# Questions About Fiscal Impact and Funding

## *What if there's no fiscal impact to the legislation?*

If the proposed legislation has no fiscal impact, select **No Fiscal Impact** (found on the **Summary** tab in FNS). Provide a brief explanation of this assumption in the brief description narrative box.

The Office of Financial Management (OFM) will not withdraw a request unless asked to do so by the original legislative requester. You should complete and submit an appropriate fiscal note unless the request is withdrawn. If there is no fiscal impact, select **No Fiscal Impact**.

## *Is the impact less than \$50,000?*

If the proposed legislation has a fiscal impact less than \$50,000 each fiscal year, choose the appropriate selection on the **Summary** tab and complete these tabs:

- **Cash Receipts**
- **FTEs**
- **Operating**
- **Capital** or **New Rules**, if applicable

If the impact is less than \$50,000, agencies are not required to complete the **Estimated Cash Receipts, Cash Receipt Impact** narrative, or the **Estimated Operating Budget Expenditures By Object** or **By Program**.

## *Is there a probable, but not quantifiable impact?*

Identify assumptions and estimate costs even when uncertainty exists. Occasionally, no data exists to support a reasonable set of assumptions. Should this occur, describe the cash receipt or expenditure impact as **Indeterminate**. Before doing so, you should attempt to obtain the information necessary to develop estimates or call the legislative contact person.

If still unable to obtain sufficient information to prepare a valid fiscal note, select **Indeterminate cash receipt impact** and/or **Indeterminate expenditure impact**, and select a fiscal impact level of either **...less than \$50,000...** or **...\$50,000 or greater...**

The system will not release the note to OFM unless you select one of these choices.

Use the narrative areas in these sections to specify the factors that prevent estimating a fiscal impact, making every effort to provide information or scenarios that will help the reader appreciate the factors that make it difficult to develop a reliable estimate.

If estimates are uncertain, you can identify a range of possible cash receipts or expenditures in the narrative sections of the fiscal note to clarify this determination. However, you must select the single fiscal estimate that reflects the most likely assumptions and scenario, and enter this information in the financial detail portions of the fiscal note.

If no one scenario is likely to occur, pick the middle of the range and enter the information in the financial portions of the fiscal note.

### *Does the legislation propose using dedicated revenues?*

Frequently, the legislation proposes using funding from a continuing or special source of revenue. Fiscal notes should indicate the fiscal impact on any public fund, including current or proposed dedicated fund sources.

### *Is the legislation unclear or not specific about a fund or revenue source?*

If the legislation does not specify a funding source but the services provided are an extension of, or clearly related to, an agency's existing activities and accounts, then use the appropriate accounts that fund the existing activity.

If the legislation creates a new account but does not identify a source of revenue and creates a new program that requires your agency to provide a service but does not identify a source of funding, you should show expenditures from the new account. The cash receipt narrative of the fiscal note should indicate that there is no identified source of revenue to place into the newly created account.

### *Does the bill contain an appropriation?*

If you receive a fiscal note request on a bill containing an appropriation, estimate cash receipts and expenditures without regard to the amount of the appropriation. Reference the appropriation in the narrative section of the fiscal note, but do not include it in the financial detail portions of the note.

### *How do I address the fiscal impact of a bill containing an appropriation from General Fund-State (GF-S) to a dedicated account?*

Some bills contain an appropriation from GF-S for deposit into a dedicated account.

*Example: A bill requires Agency A to do something new with funding from a dedicated account. The bill also contains an appropriation from GF-S for deposit into the dedicated account administered by Agency B.*

- *Agency A fiscal note shows the estimated expenditures to implement the new activity from the dedicated account.*
- *Agency B fiscal note, the agency administering the dedicated account, should identify on its fiscal note the source of the revenue. In this case, that source is GF-S, and Agency B would show a GF-S expenditure estimate for the revenue needed in the dedicated account. Agency B would also show the revenue in the same amount in the dedicated account.*

If an agency is tasked with the new activity and administers the dedicated account, that fiscal note would show all steps above. In this case, the fiscal note would show what seems like a double-count of expenditures.

### *Does the bill include related funding provided in a budget bill?*

If you receive a fiscal note request on a bill that has funding included in a budget bill, estimate cash receipts and expenditures without regard to the amount of funding provided in the bill. Reference the amount that the bill includes in the narrative section of the fiscal note, but do not include it in the financial detail portions.

### *Can the agency absorb the costs?*

If your agency can absorb the workload and associated costs resulting from the legislation, identify all incremental costs and workload in the **Operating** and **FTEs** tabs of the fiscal note. If your agency expresses a willingness to absorb costs assumed in the bill, include an explanation of programs or

activities that would displace by absorbing new costs or workload. Agencies should exercise caution when determining what workload and costs can be absorbed.

#### *Is there a local government or judicial impact?*

In some cases, legislation may affect local government and/or the courts. Agencies are not required to estimate these impacts. When possible, agencies should identify the local government or courts affected and share this information with the Department of Commerce (local government fiscal notes), or with the Administrative Office of the Courts (judicial fiscal notes).

#### *Does the bill affect more than one agency?*

When a bill affects more than one agency, OFM will request each agency to prepare a fiscal note that details the fiscal impact on its own operations (unless otherwise instructed). In order to present a comprehensive picture of the legislation's fiscal impact, the system sends completed notes to the Legislature as one package. OFM prepares a summary fiscal note identifying the cash receipt, FTE, operating, and/or capital expenditures impact to each agency affected by the legislation. The local government and judicial impacts are also included, when applicable.

#### *What are the lead agency's responsibilities?*

The lead agency develops a set of assumptions all agencies in a multi-agency fiscal note must follow. Examples of assumptions include caseload, duration of impact and effect of bill language. OFM assigns the agency most affected by the legislation as the lead agency. The lead agency is responsible for coordinating the shared assumptions that form the basis of fiscal notes written by the various agencies.

OFM encourages lead agencies to record their assumptions on the **Request** tab in FNS as soon as possible to benefit other agencies also working on notes. Agencies must communicate with each other to avoid conflicting assumptions, double counting or omissions.

It is important for agencies to share assumptions. The following problems can occur when agencies do not share an assumption:

- Overlapping fiscal information caused by more than one agency reporting the same revenues or expenditures
- Missing costs for a new commission or advisory council created with the legislation
- Different workload numbers used by agencies affected by the bill
- Conflicting assumptions on staffing, rates or revenues

Any conflicting assumptions among individual fiscal notes will delay OFM distributing the final package to the Legislature. Late submittals from one or more of the contributing agencies also cause delays.

If you know of other agencies affected by the legislation that have not been asked to prepare a fiscal note, please contact [OFM Budget Operations](#) to avoid delays in contacting these other agencies.

# Questions About Fiscal Notes

## *What if my agency needs to revise a fiscal note?*

The OFM budget analyst may request that an agency revise its fiscal note before OFM approval. In this case, the agency should revise the fiscal note, check the **Revised** box found on the **Summary** tab in FNS, and retransmit the note to OFM. Once your agency releases a fiscal note to OFM, it can no longer modify that version of the note; you must create a new version.

## *How do I prepare fiscal notes without a request (unsolicited fiscal notes)?*

Prior to the legislative session, your agency should prepare fiscal impact statements for agency request legislation that has a fiscal impact or that may create a fiscal impact for other agencies. During this time (prior to the legislative session), there are no restrictions in the system that would prevent your agency from preparing a fiscal note.

During the legislative session, FNS will not allow agencies to prepare an unsolicited fiscal note. An agency may only prepare a note if OFM adds it to a request. If you are aware of an introduced bill that has a fiscal impact on your agency, but you have not received a fiscal note request for the bill, you must use the **Email OFM for an Unsolicited Fiscal Note Request** feature in FNS to request that OFM add your agency to the request. You should limit unsolicited fiscal note requests to bills with significant fiscal impact scheduled for a public hearing. If your agency identifies a bill the Legislature passed that has a fiscal impact on your agency, it can be helpful to prepare an unsolicited fiscal note. This will assist OFM staff during the review of enrolled bills. Use the **Email OFM for an Unsolicited Fiscal Note Request** feature to have your agency added to an existing request.

## *What if it is just not possible to complete the note by the hearing or due date?*

A fiscal note is most valuable when it is available in time for the legislative hearing on the underlying bill. Sometimes a bill is so lengthy or detailed that an agency cannot provide reasonable estimates in the allotted time. If you are unable to prepare a fiscal note by the bill's hearing date, please contact legislative staff directly. Indicate why you need additional time and when you will submit the completed fiscal note. Also notify your assigned OFM budget analyst.

## *How do I cancel a fiscal note?*

Only the fiscal note requester can cancel a request. Requests remain in effect until all co-requesters cancel their requests. When a requester cancels a fiscal note, FNS sends an email to the agency. The request remains listed on the **Console** screen, but the system lists the status as **Canceled**.

## *What is a legislative session?*

The Legislature convenes in regular session the second Monday of each January. The state Constitution provides for one 105-day regular session during odd-numbered years (January through mid-April) and one 60-day regular session during even-numbered years (January through mid-March) each biennium.

A Legislature spans two years, one long session and one short session. Legislators introduce bills during each session. Bill numbering starts in the long session and continues through the following

short session. Bills not enacted in the longer, odd-year session carry over to the shorter, even-year session. Bills that carry over revert to the furthest process point in their house of origin.

*What about revising fiscal notes on carryover bills?*

If a bill is introduced in a long session (odd-numbered year), but not enacted, the bill carries over and is “alive” in the short session the following year. Revenues and expenditures appearing in the first fiscal year (the year of the long session) would no longer apply, requiring a revision of the fiscal note. Agencies should wait for an official request and not automatically revise fiscal notes on carryover bills.



## Other Fiscal Note Guidance

### *How should I prepare for the legislative session?*

Agencies have an assigned fiscal note coordinator who is responsible for the internal coordination of the fiscal note process. Prior to the start of any legislative session, become familiar with your agency's internal fiscal note process. Your agency fiscal note coordinator is a good source of information and assistance in preparing for the upcoming session. Whether you are new to preparing fiscal notes or not, it is helpful to view the fiscal note (and I-960) training that OFM provides for agency staff. The [FNS Training Video](#) is available on the OFM website.

Tips to ensure a quality fiscal note:

- Read the bill before preparing your analysis.
- Double-check calculations and proofread text.
- Submit fiscal notes to OFM at least 24 hours before the scheduled hearing to allow adequate time for review and distribution.
- Communicate with other agencies submitting fiscal notes on the same bill to avoid different assumptions, double counting or omissions.
- Be clear in your methodology, assumptions and show your work. Legislative and OFM analysts should be able to duplicate your work and arrive at the same bottom line numbers provided in the note.
- Total fiscal year expenditures by object must match total fiscal year expenditures by total funds.
- Include FTEs if expenditures for salaries and benefits are also included.
- Remember to include benefit expenditures for salary expenditures.
- The agency collecting the revenue should display the revenue impact, rather than the agency spending it.
- Avoid complex or highly technical narrative not geared for a general audience.
- Regardless of the bill's implementation date, in an odd-year legislative session, the first biennium reflected in the fiscal note is the ensuing biennium. For even-year sessions, it is the current biennium.
- In most cases, in even-year sessions, expenditures and/or revenues are captured in the second fiscal year. If the legislation contains an emergency clause or specific effective date, expenditures and/or revenues may be applicable in the current fiscal year.
- Keep in mind that there are different effective date parameters:
  - » A bill with no specified effective date becomes law 90 days from the end of the session in which the bill passed.
  - » Bills with an emergency clause take effect immediately or as specified in the bill.
  - » A specific date included in bill determines the effective date.
  - » Specific effective dates for different sections.